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SECRET

DCH WORK SHEET

10/1

29 September 1953

25X1A [redacted]

1. Reference Document and Subject:

25X1A [redacted] 27 Aug 53, Illegal Shipments of Askania to the Bloc.

2. DCH Case #

None

10/1

3. Summary of situation:

In spring of this year it was discovered that large scale exports of ASKANIA precision instruments had been sent to the Bloc by clandestine means. Investigation disclosed that this traffic was conducted pursuant to instruction or tacit approval of top level officers of ASKANIA.

Instant report furnishes Washington with some of the results of an investigation conducted by the German Customs Investigation Unit. It lists under the heading "illegal exports" 36 transactions in which the goods were smuggled to East Berlin. The total value of these was given as DM 1,907,314.38 of which DM 710,827.91 represented IL I items.

29 shipments to WHITNEY ENGINEERING AND TRADING CORPORATION, Shanghai and 17 shipments to the same firm in Hong Kong were listed as "legal exports". The basis for this listing is not given. This analyst assumes that they were probably licensed for shipment to China and Hong Kong respectively and were not smuggled. In view of the fact that the shipments were of scientific precision and optical instruments the likelihood that the items were on the China Embargo List is great. There is, therefore, a possibility that the instruments were licensed in error or that the items were misrepresented as non-embargoed instruments.

4. R/SI Suggestions:

It is suggested that the following aspects be looked into (a) what were the items sent to the two Whitney firms; (b) were they properly licensed; (c) if so as what commodities were they licensed; and (d) were the instruments sent to the Hong Kong Whitney firm diverted or re-exported to China. R/SI COMMENT: the German Desk of State apparently has action on this case.

5. DCH Comment or Action: Held pending receipt of microfilm from Germany.

Exhibit

Have what follow any further info.

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